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Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 17 596 | ↓ -1,95 | ↓ -0,96 |
| S&P500 | 2 058 | ↓ -2,09 | ↓ -1,01 |
| Nasdaq100 | 4 380 | ↓ -2,33 | ↓ -3,61 |
| Russell2000 | 1 247 | ↓ -2,59 | ↓ -3,79 |
| Stoxx600 | 386 | ↓ -2,69 | ↑ 0,66 |
| DAX | 11 083 | ↓ -3,56 | ↑ 0,28 |
| FTSE 100 | 6 620 | ↓ -1,97 | ↓ -1,05 |
| CAC40 | 4 870 | ↓ -3,74 | ↑ 1,21 |
| ATX | 2 427 | ↓ -3,28 | ↑ 0,20 |
| IBEX35 | 10 854 | ↓ -4,56 | ↑ 0,04 |
| Nikkei 225 | 20 236 | ↑ 0,63 | ↓ -2,76 |
| Hang Seng | 26 305 | ↑ 1,30 | ↓ -3,76 |
| SSEC | 4 277 | ↑ 5,53 | ↓ -6,54 |
| SENSEX | 27 645 | ↓ -0,60 | ↓ -0,60 |
| RTS | 928 | ↓ -1,59 | ↓ -3,66 |
| Bovespa | 53 014 | ↓ -1,86 | ↑ 0,28 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1235 | ↑ 0,63 | ↓ -0,04 |
| EUR/CHF | 1,0390 | ↓ -0,33 | ↓ -0,23 |
| USD/GBP | 1,5737 | ↓ -0,08 | ↑ 0,05 |
| USD/JPY | 122,22 | ↓ -0,25 | ↓ -1,39 |
| AUD/USD | 0,7685 | ↑ 0,16 | ↓ -0,61 |
| USD/CAD | 1,2394 | ↓ -0,05 | ↑ 0,57 |
| USD/RUB | 55,86 | ↑ 0,33 | ↑ 3,87 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 18,9 | ↑ 4,8 | ↑ 6,1 |
| CDS 5Y PIIS | 19 | ↑ 14,3 | ↓ -2,0 |
| CDS 5Y Italy | 103 | ↓ -99,1 | ↓ -117,4 |
| CDS 5Y Belg. | 0 | ↑ 1,2 | ↓ -1,0 |
| iTraxx 5Y EU | 31,4 | ↓ -0,9 | ↓ -8,6 |
| US TED Spread | 65,6 | ⇒ 0,0 | ↑ 0,3 |

Source: Reuters, OTP Research

Summary

- Greece's unresolved debt crisis and its default increasingly likely to become reality have shaken advanced capital markets.
- The S&P500 eroded this year's gains; Europe's benchmark also saw huge losses in Tuesday's session.
- Europe's leading indices opened lower but a small firming followed.

Greece introduced capital controls on Monday, and it became certain by the evening that it would not transfer the EUR 1.6 billion loan instalment to its lenders today. This means defaulting on its debts; the only way out could be if Greek voters said Yes on Sunday to the reforms creditors demand. Standard & Poor's downgraded Greece's debt rating again, this time from CCC to CCC-. The rating agency sees 50% chance that Greece leaves the eurozone, and it finds default inescapable within six months, unless conditions improve. Following a downgrade of the country's sovereign debt, the largest Greek banks were also downgraded: Fitch cut the rating of the National Bank of Greece, Piraeus Bank, Eurobank Ergasia and Alpha Bank to RD, from CCC and C. Their viability ratings were also worsened, from ccc to f.

The Greek drama shocked advanced capital markets too. The major equity benchmarks of Europe and America tumbled (contracting -2-4.5%), even though they erased some of the initial losses. Except for 20 names, all of the Stoxx 600 components shrank, with consumer discretionaries, including the banking sector and carmakers, hit particularly hard in yesterday's selloff.

Greece's stock exchange will remain shut this week but one should not harbour illusions about how prices would develop in Athens: the US-traded ETF with Greek share exposure nose-dived 19% yesterday: the Lyxor ETF FTSE Athex 20 slumped 15% in Germany, before its trading was suspended. The yield on the 10Y Greek government bond grew to 15.08% (by 423bps).

In US trading, the S&P500 practically gave back its year-to-date gains and sank to -0.1% YTD. All of the DOW's constituents slid, with Visa losing the most (-2.6%); JP Morgan and Goldman Sachs also underperformed.

Asia's key benchmarks ended in the red. Europe extended its losses this morning; the tiny recovery that followed can be attributed to reports that the European Commission is prepared to resume talks under the same conditions, before the deadline expires today.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,64 | ↑ | 1 | ↓ | -3 |
| US 10Y | 2,33 | ↑ | 2 | ↓ | -5 |
| JP 2Y | 0,00 | ↑ | 0 | ↓ | 0 |
| JP 10Y | 0,45 | ↑ | 0 | ↑ | 1 |
| GER 2Y | -0,22 | ↓ | -1 | ↓ | -2 |
| GER 10Y | 0,92 | ↑ | 6 | ↑ | 12 |

CENTRAL BANKS' RATES

| | Rate (%) | | 6M Consensus | | 1Y Consensus |
|------------|----------|---|--------------|---|--------------|
| Fed Funds | 0,25 | ↑ | 0,5 | ↑ | 1,00 |
| ECB Rate | 0,05 | → | 0,05 | → | 0,05 |
| BOE Rate | 0,50 | → | 0,50 | ↑ | 1,00 |
| BOJ Rate | 0,10 | → | 0,10 | → | 0,10 |
| SNB Target | -0,75 | → | -0,75 | → | -0,75 |

MONEY MARKET

| | Rate (%) | | Daily chg (bp) | | Weekly chg (bp) |
|----------------|----------|---|----------------|---|-----------------|
| US 3M Libor | 0,00 | ↓ | 0 | ↑ | 0 |
| US 2Y Swap | 0,88 | ↑ | 2 | ↓ | -1 |
| US 5Y Swap | 1,73 | ↑ | 2 | ↓ | -6 |
| EUR 3M Euribor | -0,02 | ↓ | 0 | ↓ | 0 |
| EUR 2Y Swap | 0,11 | ↓ | -1 | ↓ | -1 |
| EUR 5Y Swap | 0,51 | ↓ | -6 | ↓ | -5 |
| GB 3M Libor | 0,00 | ↑ | 0 | ↑ | 0 |
| GB 2Y Swap | 1,09 | ↓ | -6 | ↑ | 0 |
| GB 5Y Swap | 1,68 | ↓ | -1 | ↓ | 0 |
| JP 3M Libor | 0,00 | ↓ | 0 | ↓ | 0 |
| JP 2Y Swap | 0,14 | ↓ | 0 | ↑ | 0 |
| JP 5Y Swap | 0,27 | ↓ | -1 | ↓ | 0 |
| CHF 3M Libor | 0,00 | ↓ | 0 | ↑ | 0 |
| CHF 2Y Swap | -0,81 | ↓ | -2 | ↓ | -7 |
| CHF 5Y Swap | -0,30 | ↑ | 1 | ↓ | -6 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 62,1 | ↑ | 0,15 | ↓ | -3,65 |
| Gold | 1 176 | ↓ | -0,37 | ↓ | -0,20 |

Source: Reuters, OTP Research

A number of important data will be released worldwide today. Japan's Tankan manufacturers' and non-manufacturers' indices are due out.

The eurozone will publish the first estimate on the consumer price index in June, as well as the rate of unemployment. This morning Germany published the most recent retail sales statistics for May, reporting a decline instead of the expected growth.

In the USA the Chicago purchasing managers' index, and the CB consumer confidence index may move markets. The most recent reading of the CaseShiller home price will also be out today.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|---------|------------------------------|--|------|-----------|----------|
| Monday | JP | May | Industrial output (flash, mom, %) | -2,2 | -0,8 | 1,2 |
| | JP | May | Retail sales (yoy, %) | 3,0 | 2,3 | 5,0 |
| | DE | Jun | CPI (flash, mom, %) | -0,1 | 0,1 | 0,1 |
| | US | May | Pending home sales (hó/hó, %) | 0,9 | 1,2 | 2,7 |
| Tuesday | JP | May | Housing starts (yoy, %) | 5,8 | 5,8 | 0,4 |
| | JP | Q2 | Tankan Manufacturing Index, Big Cos (pont) | | 12 | 12 |
| | EZ | Jun | CPI (flash, yoy, %) | | 0,2 | 0,3 |
| | EZ | Jun | Unemployment rate (%) | | 11,1 | 11,1 |
| | DE | May | Retail sales (yoy, %) | -0,4 | 2,8 | 1,1 |
| | DE | Jun | Unemployment rate (%) | | 6,4 | 6,4 |
| | US | Apr | CaseShiller 20, SA (mom, %) | | 0,8 | 1 |
| | US | Jun | Chicago PMI (points) | | 50,0 | 46,2 |
| US | Jun | Consumer Confidence (points) | | 97,3 | 95,4 | |

Source: Reuters, OTP Research

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